

WHAT A CENTURY HAS TO SAY



Before I get into my topic, I need your assistance. Our firm has been blessed with solid growth in 2010 and 2011 is shaping up to be another good year, but we still need the benefit of your feedback. In the past two weeks we emailed over 400 online survey requests. If you received one, please take the time to fill it out to help us continue our quest to constantly improve. We've been here for fifty years and plan to celebrate the century mark, exceeding expectations. Always.

In our last newsletter, we announced the celebration of the 100th anniversary of our building, Candler Street School. The building opened in 1911 and served as an elementary school until its closing in 1978. Don Carter, Don Carter Realty, and BatesCarter founders, Jim Bates and John Carter, purchased and refurbished the building. In 1982 it was reopened as the Candler Square Office Building. It has served as the offices of BatesCarter since its opening.

I recently met Dr. Stephen Franklin. Dr. Franklin is on a mission to interview as many centenarians as he can. A centenarian is a person 100 years or older and to date Dr. Franklin has interviewed over 120 of them. He is authoring a book called Authentic Wisdom meant to capture the wisdom and life lessons from our oldest citizens. Like our building, centenarians have seen a depression, two world wars, the first Moon walk, many technological advancements and countless other events. Currently there are about 100,000 centenarians in America. Census experts estimate by 2050 there will be nearly 1,000,000 centenarians, making it the fastest-growing age segment of our population.

BatesCarter co-sponsored two events for Dr. Franklin, one of which was held at Lanier Village and Estates. We had the opportunity to discuss our firm, its philosophy and its nearly half century of providing the highest quality professional accounting services to the North Georgia and Metro Atlanta area. We also had an opportunity to talk about our wonderful building and its 100th anniversary.

We continue to accumulate stories and photos about Candler Street School. Nearly every day I meet alumni of the school; the impact of this building on our community is amazing. I encourage you to visit our website and enjoy the year long celebration with us.



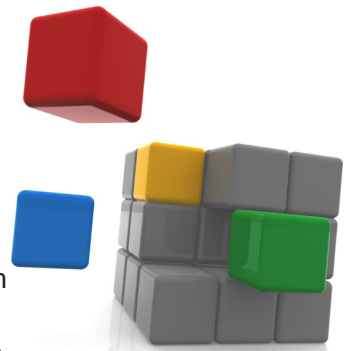
www.batescarter.com/candler-school-building

BUSINESS ADVISORY

GROWING THROUGH ACQUISITION

by Russell D. Hopkins, C.P.A.

On Wall Street mergers and acquisitions are heating up again, which means that we may begin to see more businesses being bought and sold on Main Street. Acquisition is a valid growth option in low-growth times like these. So where do you look for target companies and what should you consider before buying a business?



We often tell people that the best prospect to buy (or sell to) is your closest competitor. Consider that this is likely the business with an operation similar to yours and the type customers that are familiar to you. It is also likely that you could easily assimilate the back office operations into your own, saving significant overhead and avoiding new software and retraining costs. Another significant factor is that competition is diminished, at least for a while.

An often overlooked factor to consider when buying a business is the ease of entry into that industry. If all it takes to enter the industry is a small investment and few or no credentials then you should think twice before paying a premium for market share. It could erode quickly. Many brick and mortar retail businesses became endangered overnight when internet warehouses entered the market and made their products into commodities.

(Growing Through Acquisition continued on page 3)

CONGRATULATIONS

Milestones to Recognize



In today's business climate, 25 years with the same company is truly remarkable. For **Sandy Whiten, CPA**, it's just another notch in her remarkable career. **BatesCarter** is proud to announce the 25th anniversary of Sandy's joining

our firm. Our clients and staff have been the lucky recipients of Sandy's unique and valuable skill set. Her experience in private industry prior to her public accounting career, has allowed Sandy to bring a distinctive perspective to our clients. Specializing in accounting software, Sandy is able to guide businesses in implementing and utilizing various accounting software packages. Sandy's skills also help businesses develop and streamline their accounting functions. Professional, loyal and dedicated, are all words that rightfully belong in Sandy's resume.

More Proud Moments...



Melissa Gramling has graduated the 2010-2011 Class of Leadership Hall County.



Kingsley Peeples will be participating in the 2011-2012 Class.

The **Greater Hall Chamber of Commerce Leadership Hall County** program seeks to expose potential leaders of Hall County to the inter-related economic, government, sociocultural and educational issues of the community. Participants develop knowledge of the community through a series of one-day sessions on topics such as arts, education, health and social services, city and state governments, judicial and economic development.

BatesCarter is proud of its Leadership Hall County alumni who include **Ron Bracewell, Russell Hopkins, Randy Jessup, Kristi Griffin** and **Beth Grimes**.

Duane Schlereth was one of only 11 people in Georgia to review budgets for the Government Finance Officers Association (GFOA) Awards Program.

The GFOA established the Distinguished Budget Presentation Awards Program (Budget Awards Program) in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's best practices on budgeting and then to recognize individual governments that succeed in achieving that goal.



Beth Grimes has been nominated to the Board of Directors of the Educational Foundation of the Georgia Society of Certified Public Accountants (Foundation).

The mission of the Foundation is to encourage the best and the brightest individuals in Georgia to become Certified Public Accountants (CPAs). The Foundation awards over 20 scholarships annually to qualifying students as well as providing monetary assistance for programs that support accounting education.

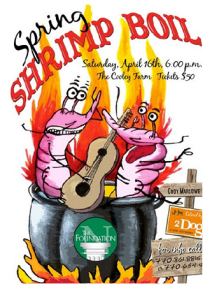
In 2007 **BatesCarter** endowed a major scholarship with the Foundation.

MAKING A DIFFERENCE!

Ron Bracewell participated in the North Hall Community Education Foundation's (NHCEF) Shrimp Boil fund-raiser in April. The event was a huge success raising over \$40,000 for the five schools in the North Hall community.

NHCEF is a non-profit foundation formed to provide private special funding of Riverbend Elementary, Wauka Mountain Elementary, Mt. Vernon Elementary, North Hall Middle School and North Hall High School.

Ron is a past president serving as its leader from 2006-2008. He is currently chairman of the Foundation's finance and long range planning committee. **BatesCarter** and its employees believe in supporting education. Always.



Challenged Child & Friends
celebrating 25 years of serving northeast georgia children

For over 25 years families in Northeast Georgia have turned to Challenged Child & Friends (CCAF) when faced with the task of caring for a young child with a disability. CCAF provides high quality educational, therapeutic, nursing, and family support services to children with disabilities in an integrated environment. CCAF must raise the funds to make up the difference between what families pay for services and the actual cost to operate their program. Their fund-raising events are an important way they have fun raising funds!

On May 14, 2011, Mid Life Crisis band performed for the Rock in the Spring fund-raiser to benefit CCAF. **Ron Bracewell** is lead guitarist for the band.

Randy Jessup was presented with the 2011 Workhorse Award for his work on the Board of Directors of CCAF. The Workhorse Award is presented each year to a Board member for their exemplary service, dedication, and hard work during the year. Randy has been on the Board for the last 8 years and has served as Treasurer for the last 5 years.

GROWING THROUGH ACQUISITION

by Russell D. Hopkins, C.P.A.

(continued from page 1)

Once you have identified a business to purchase and qualified it by financial analysis with your CPA or ABV, the next two steps are almost simultaneous – determine a buy-out method and find financing.

The buy-out method is a serious consideration and should rely heavily on CPA, banker, and attorney advice. Allocations of the price to inventory, hard assets, and goodwill means that you can depreciate or amortize the purchase price over time. The ability to write off the purchase price can literally save you up to 40% of the purchase price. Purchasing stock, which only applies in the case of a corporation, can be a “sunk cost” that is not recovered until the business is liquidated or the stock is sold. Even then the cost is usually recovered at lower tax rates. This is not to say that an asset purchase is always the best option – but it usually is. We highly recommend close monitoring so that the recovery of the cost of the business is at the highest rates possible. We also recommend giving careful consideration to the entity that you choose to hold the assets. A bad decision up front can cost you a lot in the end.

Financing a purchase is tough these days, but not impossible. Most banks offer SBA-backed loans that can be very attractive. These loans can be fairly flexible. The SBA 7A program has terms similar to a standard bank loan, floating rates, maturity dates stretched out to 15 years or more, and the ability to be used for stock or asset purchases. The SBA 504 loans have very attractive fixed rates and maturity dates at least as good as the 7A loans – the only drawback is that 504 loans are for a more restrictive set of items like real estate and non-rolling (non-tagged) equipment.

We have helped several businesses navigate the purchase process lately and have found that banks are working hard to help business people qualify for loans. If you think this is something that would be beneficial for your business, please give us a call. We are here to help.

A SUMMERTIME CHECKUP FOR RETIREMENT PLANS

by Kristi L. Griffin, C.P.A.

It's summer time – backyard BBQ's, endless fun at the pool, vacation days spent on the beach and Form 5500 filing season! For calendar year retirement plans, the deadline for filing the annual return is July 31st (and extended deadline of October 15th). Now is the perfect time to take a look at your Plan to make sure all things are operating properly. A few things to consider:

Plan Documents

All qualified retirement plans require a written plan document. Many plans start with a prototype plan, selecting various elections to fit the needs of the company, which becomes the basis for the plan operation or “plan document”. Along with a plan document, other items important to a plan are Adoption Agreements, Amendments, Trust Documents, Investment Policies, Summary Plan Descriptions and Third Party Service Provider agreements. You should be able to easily locate signed and dated copies of all of these; don't rely solely on a third party to maintain them.

It is also a good idea to self-audit your retirement plan for operational compliance. Non-compliance can give rise to a variety of sanctions such as fines and penalties and even plan disqualification. The related tax ramifications can be catastrophic.

Employee Census Data

Employee census data is a very important aspect of any retirement plan. Birth dates and hire dates determine if an employee is eligible to participate in the plan. If your plan has a deferral option, eligible employees not identified are missing the opportunity to make contributions to the plan. Are you reviewing employee data for accuracy? Remember, you are responsible for employee census information and service providers (payroll providers and record-keepers) can only work with data provided by you. Make sure the plan has procedures in place to verify the accuracy of employee data.

The number of eligible participants also determines the need for an audit by an independent CPA. Eligible participants include anyone who is covered by a plan and has met the eligibility requirements, regardless of whether or not they choose to participate in the Plan.

(continued on page 4)

A SUMMERTIME CHECKUP FOR RETIREMENT PLANS

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(continued from page 3)

Compensation Definition

As part of the review of your plan documents, make sure you understand the definition of compensation. Different aspects of the plan may call for different definitions of compensation. Amounts may be considered "compensation" and be eligible for deferrals, but those same amounts may be excluded when calculating compensation for determining employer non-elective contributions or for non-discrimination testing. Additionally, many items may or may not be included in compensation, such as expense reimbursements, car allowances, bonuses, commissions and overtime pay. Compensation definitions vary from plan to plan so it is important that you understand what your plan says.

Delayed Remittance of Employee Deferrals

Employee pre-tax deferrals should be remitted to the plan on the earliest date that the amount can be segregated from the employer's general assets. The Department of Labor (DOL) has provided a safe harbor of seven days for small plans (generally those with less than 100 participants). No such safe harbor has been provided for large plans (generally those with more than 100 participants and are required to have an audit). Close coordination between the employer, payroll provider and the record-keeper is needed to make sure this requirement is met. Late remittances has been and continues to be a hot button for the DOL. Set up a schedule and be consistent with your remittance timing and you should be "okay"!

Regardless of the complexity retirement plans can be a valuable benefit to your employees. Take some time to review these few items in your plan and call us if we can assist you in any way. **Enjoy your summer!**

TAKE A BREAK

The Work Qualification Test

Murphy applied for an engineering position at an Irish firm based in Dublin. An American applied for the same job and both applicants having the same qualifications were asked to take a test by the Department manager. Upon completion of the test both men only missed one of the questions. The manager went to Murphy and said.

Manager: "Thank you for your interest, but we've decided to give the American the job"

Murphy: "And why would you be doing that? We both got nine questions correct. This being Ireland and me being Irish I should get the job!"

Manager: "We have made our decisions based not on the correct answers, but on the question you missed."

Murphy: "And just how would one incorrect answer be better than the other?"

Manager: "Simple, the American put down on question #5, "I don't know." You put down "Neither do I."

(courtesy of ahajokes.com)

SOUTH GEORGIA 'CAVIAR'

Contributed by Nora Roe; Courtesy of Paula Deen



Prep Time: 15 minutes **Serves:** 15 servings

Ingredients:

- 2 (15-ounce) cans black-eyed peas, drained
- 1 (15-ounce) can whole kernel corn, drained (I use sweet white corn)
- 1 (10-ounce) can diced tomatoes and green chiles
- 2 cups chopped red bell pepper
- 1/2 cup chopped fresh jalapeno peppers
- 1/2 cup chopped onion (I use vidalia; or sweet)
- 1 (8-ounce) bottle Italian dressing
- 1 (4-ounce) jar chopped pimentos, drained

Directions:

In a large bowl, combine all of the ingredients and stir gently to combine. Refrigerate mixture overnight. Serve with corn chips.



BatesCarter

Exceeding expectations. Always.

BUSINESS ADVISORS AND CPAs

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